Agricultural land conversion for industrialization and mechanism of rural social differentiation in Hung Yen province, Northern Vietnam

By

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Introduction

• High rate of agricultural land conversion to industrialization reveals its complex impacts on different households and the dynamism of peasant adaptive strategies.

• Although the household income and rural infrastructure was improved, there is the growing environmental pollution, land fever and other social issues.

• The success or failure of household livelihood strategies depend on the household assets and resource mobilization.

• Agricultural land conversion to industrialization generates the peculiar mechanism of social differentiation.
Hung Yen province and research districts
The selection of surveyed households

Total land lost households
430 HHs (100%)  

1st stratifying

Lost <= 50% land
85 HHs (20%)  

Lost > 50% land
345 HHs (80%)  

2nd stratifying

Farming
49 HHs

Semi-farming
36 HHs

Farming
174 HHs

Semi-farming
171 HHs

Sampling

Group 1: <=50%
26 HHs (20%)

Group 2: >50%
109 HHs (80%)

1A
15 HHs

1B
11 HHs

2A
55 HHs

2B
54 HHs
Land conversion in Hung Yen province

In 2010

- Total land conversion: 4558 ha
- 657 domestic and 193 foreign investment projects
- Low rate of operated projects
Tan Quang commune, 2007

128 ha (49%) agricultural land lost

Chi Trung village
67% agricultural
Land lost
Vinh Khuc commune, 2007
60 ha (15%) agricultural land lost

Chieu Dong village
65% agricultural land lost
Luong Bang commune, 2007
35 ha (7.3 %) agricultural land lost

Luong Hoi village
61% agricultural land lost
Impacts of land conversion on peasant households

- Decline of landholding

<table>
<thead>
<tr>
<th></th>
<th>Group 1 (26)</th>
<th>Group 2 (109)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1A (15)</td>
<td>1B (11)</td>
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<tr>
<td><strong>Agri. land 2000</strong></td>
<td></td>
<td></td>
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<tr>
<td>(mean, m²/HH)</td>
<td>1766.5</td>
<td>1843.6</td>
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<tr>
<td><strong>Agri. land 2007</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(mean, m²/HH)</td>
<td>1273.6</td>
<td>1160.7</td>
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</tbody>
</table>
Boosting land price

Growth rate of resident land price

Year

Growth rate

CPI
Land

2003 2004 2005 2006 2007 2008 2009
Decline of farming jobs

2000

2007

- Farm
- Worker
- Other non-farm
Blossoming of informal employment

• 52% of labors in surveyed households find the job in informal sector
• Typical employments: wage labor (in both farm and non-farm activities); trading; restaurants; shops; agro – processing, rural manufacturing, transportations and other services.
• Difficult working conditions
Resources mobilization and livelihood strategies

- Household assets
Household livelihood strategies

<table>
<thead>
<tr>
<th>Livelihood Strategy</th>
<th>Group 1: &lt;= 50%</th>
<th>Group 2: 50+</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1A</td>
<td>1B</td>
<td>2A</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
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<tr>
<td>Intensification</td>
<td>4</td>
<td>26.7</td>
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<td>Diversification</td>
<td>7</td>
<td>46.7</td>
<td>7</td>
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<tr>
<td>Non -farm</td>
<td>4</td>
<td>26.7</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.1</td>
<td>11</td>
</tr>
</tbody>
</table>
Agricultural intensification strategy

- Expand farm size by renting land
- Reduce agricultural input costs
- Horizontal diversification to overcome the constraints and reduce risks

Moderate wealth category
- Income in kind
- Difficult to cover the fees of social services
- Unstable renting land
Diversification strategy

- Maintain agricultural production (rice, vegetables, poultry) to reduce household expenditure.
- Shift to high value crops and production that less depending on land size
- Seek complementarities between activities: crop-livestock integration (VAC); combination of agro-food processing and pig production; agricultural production and providing services.
- Exchange assets (labor, capital) to get higher income.

➡️ Different ranges of diversification of rich and poor households (subsistence-led or accumulated-led motivations).
➡️ Labor allocation in different activities is most importance
Non-farm strategy

• Specialize according to comparative advantages (the availability of non-farm opportunities and household’s resources)

• Develop entrepreneurial skills to exploit opportunities derived from abundant labor market and loose environmental regulations (waste recycle, foot wear, leather, construction, restaurant…)

• Multiplication of non-farm wage labors
  ➔ Different level of freedom and security in choosing non-farm activities
  ➔ Different level of earnings from non-farm activities.
Mechanism of social differentiation

* Land alteration:
  - Land accumulation
  - Change agricultural land to non-agricultural land

* Capital accumulation from lucrative non-farm activities
  - International migration
  - Rural manufacturing: food processing and waste recycling
  - Rural-urban trading, guest house, restaurant
Income distribution before and after land conversion
Conclusion

• Households with non-farm background and lost less than 50% of agricultural land are in better position to get opportunities from land conversion.

• The farm size that ensure subsistence food demands determined the security and freedom level for households engaging in non-farm activities after land conversion

• Land conversion to industrialization and responses of peasant create favorable conditions for acceleration of the differentiation process.